Ministry of the Attorney General

Public Trustee Financial Statements and Report on the Audit

Year ended March 31st, 1987

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Financial Statements and Report on the Audit Year ended March 31, 1987

Ontario

Ministry of the Attorney General

Office of the Public Trustee

416/362-1331

145 Queen Street West
Toronto, Ontario
M5H 2N8

SIXTY-SEVENTH ANNUAL REPORT OF THE PUBLIC TRUSTEE 1986-87

The fiscal year ending March 31, 1987, was one of continuing increase in the number and values of accounts administered, income received and profit earned for the Office of the Public Trustee.

However, I would like to stress that while financial reports or statistical analysis do not necessarily indicate if any organization is performing its duties well, it does provide some measure of the effectiveness of the job being done.

The financial information in the following pages discloses that the office of the Public Trustee is managing assets of ever increasing value, now amounting to 369 million dollars, which has produced a total revenue for the year just over 13.5 million dollars, and, after having paid all expenses, a net income in excess of 7.5 million dollars.

While in corporate financial terms, the annual financial statements are pleasing, the recommendation of this report is that the Public Trustee's operations require a complete overhaul. The Public Trustee charges fees for the service he provides. However, I do not feel that the office is providing an acceptable level of service at present. While the staff complement has remained fixed, the values of assets under administration has increased greatly.

In particular, the management of estates is proceeding with difficulty. In the past, mentally ill persons were placed in psychiatric hospitals for domiciliary care. This is no longer the practice. With the change in the thrust of mental health legislation and treatment, patients are now returned to the community, or some protected environment, as soon as possible. This has resulted in a great number of patients being in the community and requiring day-to-day assistance with daily living and financial matters, which all too often, falls solely on the estates administrators. This has resulted in a strain being placed on the estates administrators, and, in turn, has a detrimental effect on the level of service provided.

The supervision of Charities during the past year has received a very high

profile in the press. However, the performance of our duties in supervising these Charities to ensure compliance with the Charities Accounting Act and the Charities Gift Act cannot continue without additional staff and equipment.

In essence, the Branch must have more resources to function effectively. These resources include:

(a) hiring and training additional staff to assist Estates Management personnel, and the Charities Department;

(b) upgrading the Public Trustee's Data Processing System;

(c) upgrading telephone communications;

(d) upgrading staff through training and education;

(e) a programme for public relations; and

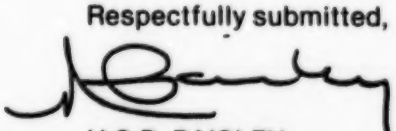
(f) consideration of the placement of Branch Offices in Northern, Eastern and Western Ontario.

The implementation of legislation flowing from the Fram Commission may result in the Public Trustee exercising increased jurisdiction over private committees and their accounts, and assuming the role of Public Guardian. I, on behalf of the Office, am participating in formulation of legislation by the Fram Commission.

Possible impending additions to the operations of the office may include the administration of funds for prepaid funerals; payment of comfort allowances to patients, psychiatric hospitals, mental retardation centers and nursing homes; and the appointment of the Public Trustee as Litigation Guardian for mental incompetents or absentees.

Despite the problems encountered at present, I am convinced that the office of the Public Trustee has performed its duties well during the past fiscal year, and with a high degree of service to the public. This would not have been possible without the co-operation of the officials of the Ministry of the Attorney General, the efforts of the staff, the assistance of the medical profession, social workers, and especially the families of those estates whom the Public Trustee administers.

Respectfully submitted,



H.S.D. PAISLEY
Public Trustee

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

BALANCE SHEET AS AT MARCH 31, 1987

ASSETS	1987 ($000's)	1986 ($000's)
ESTATES AND TRUSTS		
Cash in bank	241	162
Bonds	162,541	149,334
Funds invested (schedule A)	121,618	112,677
Real estate	27,298	26,141
Stocks	10,700	10.783
Mortgages receivable	1,415	4,258
Life insurance	1,836	2,074
Miscellaneous	4,791	4,255
	330,440	309,684
Deduct mortgages payable	690	795
	329,750	308,889
ADMINISTRATION FUND ACCOUNT (note 3)		
Cash in bank	43	36
Funds invested (schedule A)	39,787	31,767
	39,830	31,803
	369,580	340,692

LIABILITIES		
ESTATES AND TRUSTS		
Patients' estates	247,227	230,354
Crown estates	26,238	27,044
Special trusts and charities	21,859	18,512
Probable escheats (note 4)	11,420	11,037
Deceased persons' estates	7,887	7,283
Cemetery trusts	6,646	6,306
Corporate estates	6,098	6,271
Crown companies	1,170	1,040
Unclaimed balances	1,050	852
Indian trusts	101	134
Child welfare trusts	54	56
	329,750	308,889
ADMINISTRATION FUND ACCOUNT (note 3)		
Current liabilities	553	84
Assurance Fund (note 5)	200	200
Surplus	39.077	31,519
	39,830	31,803
	369,580	340,692

See accompanying schedules and notes to financial statements.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

STATEMENT OF REVENUE AND EXPENDITURE

YEAR ENDED MARCH 31, 1987

	1987 ($000's)	1986 ($000's)
REVENUE		
Fees Collected		
Patients' estates	5,361	5,294
Crown estates	673	761
Special trusts	150	251
Probable escheats	128	181
Deceased persons' estates	160	174
Charities	67	55
Cemetery trusts	36	35
Crown companies	59	34
Corporate estates	33	17
	6,667	6,802
Bank interest	22	14
Income from funds invested, net (schedule B)	6,830	6,651
	13,519	13,467
EXPENDITURE		
Salaries and wages	4,343	4,073
Employee benefits	557	589
Services	825	747
Supplies and equipment	140	144
Transportation and communication	96	139
	5,961	5,692
EXCESS OF REVENUE OVER EXPENDITURE	7,558	7,775

STATEMENT OF SURPLUS

YEAR ENDED MARCH 31, 1987

	1987 ($000's)	1986 ($000's)
BALANCE, BEGINNING OF YEAR	31,519	23,744
Excess of revenue over expenditure	7,558	7,775
BALANCE, END OF YEAR	39,077	31,519

See accompanying schedules and notes to financial statements.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

DETAILS OF FUNDS INVESTED
AS AT MARCH 31, 1987

SCHEDULE A

	1987 ($000's)	1986 ($000's)
Short term investments	141,074	60,501
Bonds (schedule C)	15,031	80,335
Accrued interest	4,987	3,470
Cash in bank	313	138
	161,405	144,444
Allocated as follows:		
Estates and Trusts	121,618	112,677
Administration Fund account (note 3)	39,787	31,767
	161,405	144,444

INCOME FROM FUNDS INVESTED
AS AT MARCH 31, 1987

SCHEDULE B

	1987 ($000's)	1986 ($000's)
Interest earned on investments	13,212	13,267
Interest earned on bank accounts	336	330
	13,548	13,597
Deduct interest allowed	6,718	6,946
Income from funds invested, net	6,830	6,651

DETAILS OF BONDS
AS AT MARCH 31, 1987

SCHEDULE C

	1987 ($000's)	1986 ($000's)
Ontario Hydro	9,991	75,255
Government of Canada	5,040	5,080
Amortized cost	15,031	80,335
Par value	14,950	80,687
Market value	15,503	79,686

See accompanying notes to financial statements.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 1987

1. GENERAL

The Public Trustee performs duties under a number of statutes, with the following main responsibilities:

- the management of estates of mentally incompetent individuals;

- the administration of estates of persons who die in Ontario intestate and without next-of-kin;

- the gathering of assets on behalf of the Crown under the Escheats Act when there is no known owner of those assets or the owner is a corporation no longer in existence; and

- a general supervisory role over charities.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

Fees collected and bank interest are recorded on a cash basis of accounting which, for expenditure, is modified to allow an additional thirty days to pay for debts incurred during the fiscal year just ended. Net income from funds invested is recorded on an accrual basis.

(b) FUNDS INVESTED

Funds are invested in income producing short term investments or bonds which are normally held until maturity. These securities are recorded at cost adjusted for the amortization of premiums or discounts on purchase over the period to maturity.

(c) STOCKS AND BONDS OF ESTATES AND TRUSTS

Stocks and bonds for all Estates and Trusts, except Cemetery Trusts, are recorded at the value of the stocks and bonds at the time of taking over the Estates and Trusts with an annual adjustment to market value at December 31 each year. The bonds of Cemetery Trusts are valued at par.

(d) REAL ESTATE

Real estate is recorded at appraised value at time of incorporation of the trust and is subject to periodic revaluations.

(e) LIFE INSURANCE

Life insurance is recorded at its cash surrender value at the time of incorporating the trust and is subject to valuation every two years.

(f) FIXED ASSETS

Fixed assets are recorded as expenditures when purchased.

3. ADMINISTRATION FUND ACCOUNT

The Administration Fund is the operating account of the Public Trustee. It is used to accumulate fees charged each estate for services, as prescribed by the regulations under the Public Trustee Act.

Cash balances in the Administration Fund which are not required for operating purposes are invested along with the cash funds of Estates and Trusts. The Administration Fund receives the net interest income of these investment activities, after interest is allowed on the funds of Estates and Trusts in accordance with regulations under the Act.

All operating expenses of the office of the Public Trustee are paid from the Administration Fund.

The Lieutenant Governor in Council may from time to time direct the payment into the Province's Consolidated Revenue Fund of any balance at the credit of the Administration Fund.

4. FUNDS ESCHEATED TO THE CROWN

The Public Trustee is authorized by the Escheats Act to take possession of unclaimed property reverting to the Crown under the Succession Law Reform Act, Business Corporations Act or common law. After a period of ten years, any property so received by the Public Trustee which remains unclaimed, is transferred to the Consolidated Revenue Fund of the Province.

During 1986-87, $1,784,012 (1985-86, $1,409,316) was transferred to the Province.

5. ASSURANCE FUND

The regulations under the Act provide that an Assurance Fund shall be established to meet losses for which the Office of the Public Trustee might become liable. Accordingly, this fund has been established at $200,000 by transfers from the Administration Fund.

Ontario

Office of the
Provincial
Auditor

Parliament Buildings
Queen's Park
Toronto, Ontario
M7A 1A2
416/965-1381

To the Public Trustee of the Province of Ontario and
to the Attorney General.

I have examined the balance sheet of the Public Trustee of the Province of Ontario as at March 31, 1987 and the statements of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Public Trustee of the Province of Ontario as at March 31, 1987 and the results of operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

D.F. Archer

Toronto, Ontario,
June 9, 1987.

D.F. ARCHER, F.C.A.,
Provincial Auditor.

STATISTICAL REVIEW

	As at March 31st	
	1987 ($000's)	1986 ($000's)
Assets under Administration	$ 369,580	$ 340,692
Revenue	13,519	13,467
Operating Expenses	5,961	5,692
Excess of Revenue over Expenditure	7,558	7,775
Surplus	39,077	31,519
Cash Receipts	143,765	131,887
Public Trustee Investments at Book Value	156,105	140,836
No. of Files - Estates and Trusts	23,000	23,000
No. of Files - Charities	44,000	42,000
No. of Staff - Permanent	154	154
Contract	1	0

STATUTES AFFECTING THE PUBLIC TRUSTEE

ONTARIO

Bulk Sales Act - R.S.O. 1980, c.52

Business Corporations Act - S.O. 1982, c.4

Cemeteries Act - R.S.O. 1980, c.58

Charitable Gifts Act - R.S.O. 1980, c.63

Charities Accounting Act - R.S.O. 1980, c.65, as amended

Compensation for Victims of Crime Act - R.S.O. 1980, c.82

Co-operative Corporations Act - R.S.O. 1980, c.91, as amended

Corporations Act - R.S.O. 1980, c.95, as amended

Courts of Justice Act - S.O. 1984, c.11, as amended, and Rules of Civil Procedure

Crown Administration of Estates Act - R.S.O. 1980, c.105

Developmental Services Act - R.S.O. 1980, c.118, as amended

Escheats Act - R.S.O. 1980, c.142

Estates Administration Act - R.S.O. 1980, c.143, as amended

Family Benefits Act - R.S.O. 1980, c.151

Family Law Act - S.O. 1986, c.4

Homes for Special Care Act - R.S.O. 1980, c.202

Human Tissue Gift Act - R.S.O. 1980, c.210

Mental Health Act - R.S.O. 1980, c.262, as amended

Mental Hospitals Act - R.S.O. 1980, c.263

Municipal Tax Sales Act - S.O. 1984, c.48

Powers of Attorney Act - R.S.O. 1980, c.386, as amended

Public Trustee Act - R.S.O. 1980, c.422

Religious Organizations' Lands Act - R.S.O. 1980, c.448

Succession Law Reform Act - R.S.O. 1980, c.488, as amended

Surrogate Courts Act - R.S.O. 1980, c.491, as amended

Trustee Act - R.S.O. 1980, c.512, as amended

Workers' Compensation Act - R.S.O. 1980, c.539, as amended

BY CONSENT, PUBLIC TRUSTEE ACCEPTS TRUSTS PURSUANT TO:

1. Department of Veterans Affairs Act - R.S.C. 1970, c.V-1
2. Indian Act - R.S.C. 1970, c.I-6, as amended
3. Absentees Act - R.S.O. 1980, c.3
4. Mental Incompetency Act - R.S.O. 1980, c.264, as amended

ORGANIZATION CHART — OFFICE OF THE PUBLIC TRUSTEE